



OFFICE OF SURFACE MINING RECLAMATION AND ENFORCEMENT

Mission - The Office of Surface Mining Reclamation and Enforcement was established in 1977 to carry out the requirements of the Surface Mining Control and Reclamation Act in cooperation with States and Indian Tribes. OSM's primary objectives are to ensure that coal mines are operated in a manner that protects citizens and the environment during mining and ensure that the land is restored to beneficial use following mining, and to mitigate the effects of past mining by aggressively pursuing reclamation of abandoned coal mines.

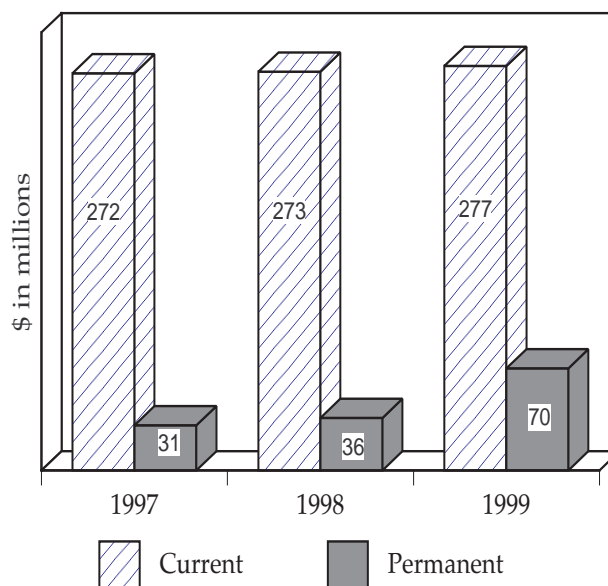
Program Overview - OSM carries out its mandates by providing grants to States that implement their own regulatory and reclamation programs consistent with OSM standards. OSM administers programs on Federal and Tribal lands and in "nonprimacy" States.

OSM continues to work closely with States and Tribes to implement its results-oriented regulatory oversight system. OSM will monitor this process to assure its effectiveness. To assist the States, OSM will emphasize its technical assistance, training, and technology development and transfer functions.

To maximize reclamation, OSM will explore creative approaches and incentives for reclaiming lower priority sites and for increased efficiencies. For example, remining on previously mined sites while also performing reclamation may represent a practical way to bring together mutually-compatible opportunities for economic gain through coal recovery and environmental enhancement.

Through the Clean Streams Initiative, OSM has worked with States, localities, environmental groups, and citizen groups to restore precious water resources that have been contaminated by acid mine drainage from abandoned coal mines. OSM has expanded this program beyond the immediate Appalachian region. OSM is concerned about other sources of water pollution as well. Beginning in 1998, with very limited funding within the Federal Reclamation Program base budget, OSM embarked on a Western Mine Land Restoration Initiative. This effort is similar to the Clean Streams Initiative in terms of its partnership approach, yet it is aimed at the restoration of water-

OSM Funding



sheds that have been contaminated by drainage from abandoned hardrock mines. The OSM is now proposing to fund both of these initiatives from the monetary interest on the Abandoned Mine Land Fund.

Budget Overview - The 1999 request for OSM is \$277.0 million, an increase of \$3.9 million over the 1998 enacted level. The requested budget fully covers OSM's uncontrollable cost increases, thereby preserving core mission services at current levels.

While preserving its historical mission, the budget request will also enable OSM to further expand its more recent role in addressing water pollution. The OSM budget request includes an increase of \$1.9 million for the Clean Streams Initiative and \$0.1 million for the Western Mine Land Restoration Initiative. The Clean Streams increase reflects the continuing popularity of this partnership and collaborative approach to restoring water resources damaged by acid mine drainage. The increase will provide seed money to initiate roughly five to six more stream projects. The ratio of OSM funding to non-

OSM financial contributions is projected to improve from 1.0 to 1.3.

The preponderance of the Clean Streams budget will provide seed money for specific restoration projects through supplemental grants to States or cooperative agreements with local organizations and agencies. OSM proposes using a small percentage of funds for coordination, outreach, and technical transfer activities. The high level of interest from a large and varied group of organizations demands field level coordination to achieve the program's objectives and provide the appropriate customer service. A modest investment in technology transfer will ensure that all Clean Streams projects are accomplished with the most effective and economical technologies and practices available, thereby maximizing the program's return on investment in the long-run.

The \$0.1 million increase proposed for the Western Mine Land Restoration Initiative will provide OSM with a sufficient level of resources to begin applying the lessons that it has learned through the Clean Streams Initiative, such as partnership-building and restoration strategies. The proposed funding will be used for direct assistance to States and local watershed organizations and will serve as seed money for specific watershed restoration projects.

A few modest reductions are also reflected in the request. These include streamlining savings totaling \$0.2 million and a \$0.1 million reduction to the Federal Lands program activity that is made possible by Kentucky's assumption of regulatory responsibility for Federal lands within its boundaries. Kentucky will perform this increased work within the funding provided by its existing regulatory grant.

To facilitate its compliance with the Government Performance and Results Act, last year OSM instituted a new budget structure based on business lines and a new accounts system to better align resources with the bureau's goals. During 1997, OSM tracked financial data under both the old and new budget structures. Analysis to date indicates that some of the estimates presented in the 1998 President's Budget for program activities and business lines need revision to more accurately match actual resource uses with the proper funding sources. The 1999 request reflects the needed adjustments between appropriations accounts and business lines (activities). The Administration will also propose an appropriations transfer to effect these adjustments in 1998 as part of a 1998 supplemental appropriation request.

SUMMARY OF BUREAU APPROPRIATIONS
(all dollar amounts in thousands)

Comparison of 1999 Request with 1998 Enacted:

	1998 Enacted		1999 Request		Change From 1998	
	<u>FTE</u>	<u>Amount</u>	<u>FTE</u>	<u>Amount</u>	<u>FTE</u>	<u>Amount</u>
Appropriations						
Regulation and Technology	438	95,437	423	93,540	-15	-1,897
Abandoned Mine Reclamation Fund	226	177,624	241	183,416	+15	+5,792
Subtotal, Appropriations	664	273,061	664	276,956	0	+3,895
Permanents and Trusts						
Abandoned Mine Reclamation Fund Donations ..	0	36,000	0	70,000	0	+34,000
Subtotal, Permanents and Trusts	0	36,000	0	70,000	0	+34,000
TOTAL, OFFICE OF SURFACE MINING	664	309,061	664	346,956	0	+37,895

HIGHLIGHTS OF BUDGET CHANGES
By Appropriation Activity/Subactivity

APPROPRIATION:Regulation and Technology

	<u>1997 Actual</u>	<u>1998 Enacted</u>	<u>1999 Request</u>	<u>Change from 1998 Enacted</u>
Environmental Restoration	356	596	421	-175
Environmental Protection	72,653	73,053	70,018	-3,035
Technology Development & Transfer	9,634	10,006	11,415	+1,409
Financial Management	876	746	511	-235
Executive Direction & Administration ...	10,919	11,036	11,175	+139
Proposed Appropriation Transfer	[-3,163]			
TOTAL APPROPRIATION	94,438	95,437	93,540	-1,897

Highlights of Budget Changes

	<u>Amount</u>
Uncontrollable Costs Net Increases (non-add)	[+1,266]

Environmental Restoration	-175
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An adjustment of +\$47 to the 1998 enacted level is required to correct the estimate for this function under the new business line structure. Uncontrollable cost increases total \$5. Streamlining savings (-\$2) are proposed for this Business Line to help cover fixed cost increases. Such things as ADP acquisition, equipment, and travel will be reduced. The estimate of civil penalty collections resulting from Federal regulatory actions is projected to decrease (-\$225) based on recent actuals.

Environmental Protection	-3,035
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An adjustment of -\$3,893 to the 1998 enacted level is required to more accurately reflect the workload associated with OSM's new oversight policies; specifically, the increased emphasis on technical assistance and transfer, and decreased emphasis on oversight activities. The estimate of OSM resources for its oversight activities was incorrect in the 1998 Budget. Uncontrollable cost increases total \$561. Streamlining savings (-\$83) are proposed for this Business Line to help cover fixed cost increases. Such things as ADP acquisition, equipment, and travel will be reduced. Non-critical vacancies will be filled less quickly. Tribal Regulatory Development Program funds which are currently appropriated to BIA and then transferred to OSM for distribution to Tribes, are proposed to be directly appropriated to OSM (+\$480). The budget proposes a reduction of \$100 and 1 FTE since Kentucky will assume the responsibility for regulating coal operations on Federal Lands within its borders.

Technology Development and Transfer	<u>Amount</u> +1,409
An adjustment of +\$1,206 to the 1998 enacted level is required to more accurately reflect the workload associated with OSM's new oversight policies. This improved accuracy is made possible by OSM's new GPRA-driven budget structure and account system. Uncontrollable cost increases total \$231. Streamlining savings (-\$28) are proposed for this Business Line to help cover fixed cost increases. Such things as ADP acquisition, equipment, and travel will be reduced. Non-critical vacancies will be filled less quickly.	
Financial Management	-235
An adjustment of -\$245 to the 1998 enacted level is required to correct estimates in the 1998 Budget of OSM's revenue management activities under the new Business Line structure. Uncontrollable cost increases total \$12. Streamlining savings (-\$2) are proposed for this Business Line to help cover fixed cost increases. Such things as ADP acquisition, equipment, and travel will be reduced.	
Executive Direction and Administration	+139
An adjustment of -\$279 to the 1998 enacted level is required to reflect a more accurate accounting of the ED&A workload and proper distribution of its costs between the R&T and AML accounts based on the total OSM workload distribution. Uncontrollable cost increases total \$458. Streamlining savings (-\$40) are proposed for this Business Line to help cover fixed cost increases. Such things as ADP acquisition, equipment, and travel will be reduced. Non-critical vacancies will be filled less quickly.	

APPROPRIATION: Abandoned Mine Reclamation Fund

	<u>1997 Actual</u>	<u>1998 Enacted</u>	<u>1999 Request</u>	<u>Change from 1998 Enacted</u>
Environmental Restoration	164,945	165,849	168,140	+2,291
Environmental Protection	0	0	0	0
Technology Development & Transfer	1,700	1,746	3,473	+1,727
Financial Management	5,562	5,312	5,860	+548
Executive Direction & Administration ...	4,878	4,717	5,943	+1,226
Proposed Appropriation Transfer	[+3,163]			
TOTAL APPROPRIATION	177,085	177,624	183,416	+5,792

Highlights of Budget Changes

Uncontrollable Costs Net Increases (non-add)	<u>Amount</u> [+720]
Environmental Restoration	+2,291
An adjustment of +\$258 to the 1998 enacted level is required to reflect a shift in workload under the new OSM Budget Structure. Uncontrollable cost increases total \$276. Streamlining savings (-\$43) are proposed for this Business Line to help cover fixed cost increases. Such things as ADP acquisition, equipment, and travel will be reduced. Non-critical vacancies will be filled less quickly. An increase of \$1,700 is requested for the Clean Streams Initiative under this Business Line to address the environmental harm caused by acid mine drainage. The Clean Streams initiative provides seed money to States through the AML grants process. States use these funds to leverage additional funding. Of the proposed \$1,700 increase for the Clean Streams Initiative, States will receive \$900 in grants for project seed money; small watershed organizations will receive \$650 for project seed money directly; and \$150 will provide a staff position dedicated to assisting State and local efforts improve their capabilities to leverage funds. An increase of \$100 is proposed for the Western Mine Lands Restoration Partnership for direct project seed money to be used by small watershed organizations, State and local entities.	

	<u>Amount</u>
Technology Development and Transfer	+1,727
<p>An adjustment of +\$1,479 to the 1998 enacted level is required to reflect a shift in workload under the new OSM Budget Structure. Uncontrollable cost increases total \$54. Streamlining savings (-\$6) are proposed for this Business Line to help cover fixed cost increases. Such things as ADP acquisition, equipment, and travel will be reduced. Non-critical vacancies will be filled less quickly. Within this Business Line, +\$200 is proposed under the Clean Streams Initiative to increase technical transfer of "best science" technology solutions to acid mine drainage reclamation programs.</p>	
Financial Management	+548
<p>An adjustment of +\$424 to the 1998 enacted level is required to correct the distribution of Congressional increases that were provided for the purpose of covering uncontrollable costs. Uncontrollable cost increases requested for 1999 total \$145. Streamlining savings (-\$21) are proposed for this Business Line to help cover fixed cost increases. Such things as ADP acquisition, equipment, and travel will be reduced. Non-critical vacancies will be filled less quickly.</p>	
Executive Direction & Administration	+1,226
<p>An adjustment of +\$1,002 to the 1998 enacted level is required to correct the distribution of ED&A costs between the R&T and AML accounts based on the revised appropriation amounts, and to reflect the re-distribution of bureau-wide information technology and other ADP needs. Uncontrollable cost increases total \$245. Streamlining savings (-\$21) are proposed for this Business Line to help cover fixed costs increases. Such things as ADP acquisition, equipment, and travel will be reduced. Non-critical vacancies will be filled less quickly.</p>	